



# Background document setting the future priorities of the Greens/EFA regarding Cohesion Policy and regional development

## Introductory Remarks

This paper has been conceived at the midterm of the current election cycle 2019 - 2024. It is an initiative to gain a clear perspective on the remaining 1.5 years of the mandate, to streamline the work of the Greens/EFA group in the Committee on Regional Development (REGI), agree on our shared vision on Green Regional Policy, and create a common understanding of the strategy moving forward.

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## 1. Making Cohesion Policy a long-term investment tool for just transition

### 1.1 Allocation of funds: Going beyond GDP as main indicator of economic development and territorial impact

Regions in Southern Europe and Central and Eastern Europe) are not only 'lagging behind' the average EU indicators - they are also 'diverging' from other regions and are negatively affected by extremely low-growth rates. A European Policy Centre study for the REGI Committee confirmed that this economic, social and territorial divide is widening. In other European regions, better performing economies and positive growth rates do not necessarily translate into better services or better quality of life for their citizens.

**Greens' stance:** GDP alone is not appropriate to reflect the state of health of European regions. Its static nature prevented us from seeing that regions nominally similar in terms of GDP per capita are actually on two opposite trajectories (some converge quickly while others are diverging). Also the revised allocation key called the '1Berlin formula', in its current formulation in annex XXVI in CPR which adds other interesting elements (but with a minimum 'weight' in percentage) such as migration flows and greenhouse gas emissions as additional criteria, is probably not adequate yet to reflect the divergences on the ground. Other further elements to be considered along GDP:

- **Economic activity rate:** if a large part of the population is not included in the workforce despite being of working age, the potential for growth is reduced. Furthermore, a high inactivity rate can be connected to low participation of women in the labour market, low number of migrants integrated in the workforce or higher number of NEETS (unskilled population);
- **Number of NEETs** (more comprehensive than 'youth unemployment');
- **EU social progress index:** indicators reflect a whole series of citizens' needs/quality of life in EU regions (quality of air, internet access, active citizenship, leisure activities, ...);
- **Quality of life in said region;**
- **GINI coefficient;**

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<sup>1</sup> A methodology, devised in 1999, for allocating cohesion funds based on regional and national prosperity and unemployment. Although remaining consistent in focus, the method's criteria have evolved with each programming period to reflect new challenges and policy objectives

- **Indicators to factor the territorial differences of the implementation of Green New Deal, including for example:**
  - a. **Share and status of protected areas and/or and share of agricultural land combined with a more general biodiversity indicator like farmland bird index or meadow butterfly index;**
  - b. **Water quality (crf. Water Framework Directive) and CO2 and methane emissions**
- **Status of education;**
- **Permanent geographical handicap.**
- **Public services: how easily and quickly they are accessible (schools, health, public administration desks...)**
- **Access to convenience stores (grocery shops, bakeries, coffees...)**

## **1.2 Cohesion policy as a sustainable investment (not an emergency fund)**

Cohesion policy is the most important investment tool of the European Union to reduce social, territorial and economic disparities. For us, the Greens/EFA, it also represents the strongest tool to fight climate change as our core policy. Therefore we are in favour of a strong, autonomous and targeted cohesion policy. In the current 21-27 Cohesion policy, we managed to negotiate that at least 30% of the ERDF will support climate objectives. For the next post-27 Cohesion policy, we will even aim for half of the budget to contribute to climate change adaptation and mitigation, but also to halting biodiversity loss, better water management, and circular economy implementation through a holistic approach. The funds should be implemented in a sustainable way and support regions in particular in the long run. This character should be not jeopardised by other policies the EU is implementing, e.g. emergency tools. This short term funding could of course be implemented strategically in combination with and complementary to cohesion funds, but the sustainable root of cohesion policy must be retained. In case emergency tools are needed, it is of utmost importance not to cut cohesion funds in order to generate full flexibility and support by harming sustainable investments through cohesion funds. Cohesion policy should be seen not just as a development instrument to increase sustainable economic development and social inclusion but as the main tool of the European Union to achieve lasting cohesion and solidarity within and among all regions.

As the world is facing multiple challenges, the EU should stand united and act in full solidarity to tackle these challenges and be prepared, future-oriented and resilient. It can be seen as a common instrument to build up economic, social, ecological and territorial equilibrium. As Cohesion policy addresses all these diverse issues, it represents the greatest force for achieving this overall goal.

We fully understand the political challenges we currently face, and we support the flexibility that Cohesion policy can provide, but we are against turning the Cohesion policy into an emergency tool, and by that undermining the strategic approach and thematic concentration within the programming period. From our perspective, every flexibility measure must be proposed with an explicit and limited duration, we also want the Commission to propose an additional way forward, a long-term solution. Furthermore, the Commission should look for new sources of financing, first and foremost by creating new own resources as stipulated in the inter-institutional agreement, and by creating a permanent fiscal capacity to ensure sufficient resources for the investment needs, rather than taking the funds from the regions and jeopardising their sustainable development, ecological transition and fight against climate change, which is also an emergency issue. Although direct management may be currently convenient for certain MS as there are different conditions to be met (no partnership principle, no shared management), in the long run it could endanger some of the cohesion policy investment standards achieved through its long history representing one of the core EU values, in particular the partnership principle and subsidiarity. Despite that being said we should also look into the positive elements currently developed within the RRF, in particular the green investment standards and the more stringent DNSH as well as stricter Rule of Law Conditionality. We should use the best possible examples and experiences of the RRF to further strengthen Cohesion policy, the future CPR, and fund specific rules post 21-27 in particular as regards enhancing quality of investments.

As an additional reminder, in the previous term the Greens/EFA group opposed any attempt to renationalise cohesion policy and was strongly in favour of defending the shared management principle and would like to see additional safeguards against political discrimination.

### **1.3 Green-golden investment rule for Cohesion Policy**

A 'classical' golden rule would aim at excluding public investment from the deficit calculation in the context of fiscal rules such as the Stability and Growth Pact. The Greens/EFA position is based on the assumption that not all investments, but only 'sustainable' ones should benefit from a favourable treatment under EU fiscal rules, ensuring that such investment is not the first item to be cut in times of tighter budgets. Already before Covid-19, several local and regional authorities (especially in Southern and Eastern Europe) repeatedly called for the inclusion of a golden rule limited to Cohesion policy's investments. They pointed out that they do not always have the necessary fiscal space to 'add' the co-financing part, required under the principle of additionality, to carry out projects in the framework of Cohesion Policy.

This stance is well reflected in the positions of the Committee of the Regions, that in several opinions in these years has reiterated the demand for public spending by Member States and local and regional authorities under European Structural and Investment funds not to be included in structural expenditure as defined in the Stability and Growth Pact.

the national co-financing of the investments funded by the ERDF19, JTF20, ESF+21, INTERREG, that does not deviate from the Paris Agreement's objectives. shall also be amortised in the debt and deficit calculations (overall estimated amount around 110 bn EUR for 2021-2027). A green golden rule should be translated into allowing the cost of net green public investment to be spread over the life cycle of the investment instead of fully accounting for it in the year in which the expenditure is incurred.

In this context, the "EU Sovereignty Fund", which was supposed to be the EU flagship response to the US Inflation Reduction Act, has been replaced by the more modest "Strategic Technologies for Europe Platform" (STEP), proposed within the MFF revision package in June 2023. The platform will mobilise available funding within the scope of existing instruments and allegedly deploy them in a more flexible manner. This proposal has a huge impact on the objectives and the architecture of Cohesion Policy, as it would be completely up to Member States to decide potential re-programming of Cohesion Funds to 'strategical sectors' without any ceiling, with a huge risk of undermining what we achieved during the negotiations in the current mandate.

The Commission has additionally announced changes to the state aid rules, which include an increase in the de-minimis limit from €200.000 to €275.000, as well as the addition of a compulsory beneficiary register for reasons of transparency. In addition, a first adaptation of the GBER will take place, aiming in particular at facilitating subsidies for the digital transition, renewable energies and for subsidies for strategic industrial sectors, to prevent migration to third countries. The details of this proposal have yet to be made public, however when it comes to the simplification of state aid rules (allowing for further flexibility for the Member States to grant aid limited to carefully defined areas and on a temporary basis), these should be proportionate and take into account not only the distortionary effects on the internal market as a whole, but also on the growing gap among EU regions. State aid remains a highly centralised practice with huge capacities of boosting industrial sectors and related jobs at detriment of other less advantaged regions and territories of the EU.

## **1.4 Climate change adaptation**

In order to tackle the negative effects of climate change, cohesion policy should focus even more on climate and environmental measures and a green and just transition. Next to the Just Transition Fund, which urgently needs to be increased financially and strengthened in terms of the “do no harm” principle, cohesion policy should specifically focus on climate adaptation measures via a dedicated priority or tailored tool. Next to a social, territorial and economic convergence, EU regions need to strive for more climate action to achieve the common climate goals and keep their commitment from Paris as well as respecting the SDGs. Climate change is a key challenge for EU cohesion. Regional Development must go hand in hand with achieving the ecological goals and no Cohesion Policy fund should be spent on non-sustainable projects. Therefore and in order to provide regions and territories with a good legal and political framework for this vital challenge, we consider that the current thematic concentration providing an obligation of 30% ERDF money on the very broad Policy Objective no.2 is not sufficient and should be revised. To achieve resilient regions and enable territories to prevent and react to climate disasters, an earmarking is necessary within Cohesion Policy/the ERDF, in particular on climate adaptation.

With new Climate adaptation earmarking within the Cohesion policy, regions could take action to tackle challenges related to climate change and above all build up their resilience and preparedness regarding environmental issues: Fires, floods, droughts and other natural disasters will increase in the future due to the change of climate. Even pandemics can have a root cause in climate change. The current cohesion policy does not sufficiently cover financial support to adapt to the challenges of climate change and at the same time contribute to the EU's commitment for climate neutrality by 2050.

Additionally, the current EU Solidarity Fund needs to be bigger and with the possibility not just of rebuilding a region struck by disaster as it was before, but enabling reconstruction that is more resilient in the future. This reform is necessary next to the additional earmarking mentioned above to ensure that these financial supports work hand in hand. The EU Solidarity Fund should also be reformed in terms of not only being accessible after a natural disaster, but before, in order to avoid the loss of lives and the destruction.

## **1.5 Incentivising more Cross-Border Cooperation**

Based on a more integrated and territorial approach of cohesion policy, cross-border cooperation should be supported explicitly and should be under shared management by the EU and the concerned (sub-) regional entities. Current and proven programmes like Interreg should be given more funds. Other interregional funding mechanisms should be developed to ensure more synergies between regions across borders. This way, territories facing similar challenges could create more synergies and learn from each other. European funds should be spent from a more transnational perspective, focused on the specific needs of each territory. Thus, it could be interesting to deploy an instrument that brings recipients together that are not from neighbouring Member States.

The specific case of outermost regions should also be taken into account: considering that they are by definition far from EU Member States territories, their cooperation with neighbouring countries should be encouraged in order to support the local economy.



## **1.6 Gender dimension in Cohesion Policy**

The principle of gender equality constitutes a core value of the European Union, applicable to all EU activities and policies, as well as a political priority of the Greens/EFA group.

Among EU policy instruments, Cohesion Policy is an especially impactful tool to support Member States to achieve progress in the field of gender equality, both due to the volume and the nature of its funding. A focus on gender equality is also highly beneficial to the success and effectiveness of regional development policies, by contributing to more inclusive policy-making, reducing regional economic and social disparities and for contributing to the long-term sustainable development of regions.

The Greens/EFA Group has been involved in strengthening the application of a gender dimension within Cohesion Policy. Recent successes in the negotiations on the 2021-2027 Common Provisions Regulation include:

- Requirements for representation of women's rights groups at all stages of programme implementation;
- Requirements for data on implementation to be collected on a gender-disaggregated basis;
- Robust rules on horizontal application of gender equality, as well as a general framework for non-discrimination and fundamental rights.

In the MFF negotiations the three institutions committed to developing a gender tracking methodology to be able to estimate the gender impact of the different EU programs. This is ongoing work and should underpin a more robust methodology for the next MFF.

In addition the better regulation framework has created an obligation for all new legislation to include in its Impact Assessment a Gender Impact Assessment which will hence be part of the Commission proposal for the next funding period.

Cohesion policy is however still far from realising its full potential. Pressing issues remain, amongst others:

- A lack of common understanding and implementation of gender mainstreaming in EU institutions and a lack of common methodology to track spending on gender equality and collect gender-disaggregated data;
- A lack of mandatory requirements for ex-ante and ex-post gender impact assessments for programmes and gender-oriented monitoring with maximum granularity and evaluation systems;
- Insufficient training and capacity-building of managing authorities and implementing partners;
- A lack of consideration in sectorial regulations, eg. in the ERDF, and a lack of focus after the programming phase to take gender equality into account in the implementation, monitoring and evaluation phases, with the exception of the ESF.

We strongly believe that certain factors are necessary for successful implementation of a gender dimension in cohesion policy:

- All programmes implemented under cohesion policy should actively contribute to achieving gender equality throughout their preparation, implementation, monitoring and evaluation, as well as equal opportunities for all, without discrimination based on gender or sexual orientation;
- The availability of guidance documents, training sessions and capacity-building of managing authorities and implementing partners on gender budgeting and gender mainstreaming;
- Compulsory requirements on gender equality objectives in the form of binding gender equality strategies at national and regional level and mandatory gender impact assessments as part of Member States' evaluations on how funds are spent;
- Partnerships with gender equality bodies and their involvement in all programming phases and the importance to establish gender balance within all bodies created in the area of cohesion policy;
- Prioritisation of investments in high-quality public services, both for combating gender inequalities and for building social resilience and coping with economic, social and health crises.

## **2. More powers for the European Parliament for Cohesion Policy**

### **2.1 Strengthening the role of the European Parliament in the assessment of the Partnership Agreements**

As the Greens/EFA group, one of our greatest concerns at the start of a new funding period is whether the Member States are complying with the horizontal principles within the CPR regulation in the process of preparing the Partnership Agreements and national programmes, especially the cooperation with sub-state entities. Although national and regional programmes are indeed more in-depth with concrete and specifically defined fields of investments within a priority axis, the Partnership Agreement is broader in context but still a strategic guideline of all the measures that a given Member State plans to undertake. While the European Commission has primary responsibility for assessing and finally adopting Partnership Agreements, the European Parliament has only limited means or mechanisms to scrutinise the process and should, in our view, have a greater role in the matter as a co-legislator.

Some of the scrutiny tools available to the REGI Committee are regular dialogues with consultative committees, stakeholders, think tanks, national parliaments and European Investment Bank, structured dialogues with the Commission on future policy priorities for the Commission's Annual Work Programme, oral questions to the Commission, Chair's letters to the Commissioner with specific questions, regular scrutiny of Commissioner's commitments taken during the hearings of Commissioners-designate, etc. Furthermore, when the European Court of Auditors is planning special reports, committees are asked to submit their priorities and define meaningful suggestions to focus on specific concerns or aspects to be scrutinised by the ECA. The major instrument for scrutiny remains the Cohesion report submitted by the Commission every three years to report on progress towards achieving economic and social cohesion across the European Union in Article 175 of the Treaty on the Functioning of the European Union and the adoption process of delegated acts by the Commission where the European Parliament can exercise the right to control and veto.

The EP does not currently have the means to block adoption of the Partnership Agreements, nor does it have the necessary information to properly assess whether certain Member States may be deviating from the CPR rules. The Greens/EFA Group is concerned by regular reports from stakeholders at the lack of application of horizontal principles by Member States in the preparation of Partnership Agreements. As co-

legislator of the CPR, the Parliament has the right to expect the Commission to explain how these principles are being respected.

Therefore, in advance of the next funding period, we will push for legislative changes to the CPR that can give the Parliament greater oversight and monitoring powers of the Partnership Agreement and Operational Programmes. These will include:

- Obliging the Commission to report to the Parliament on how each Partnership Agreement has met the conditions laid down in the CPR regarding horizontal principles, in advance of the PA's adoption;
- Exploring the use of a delegated act for the adoption of Partnership Agreements, which would give the Parliament the chance to vote to reject their approval;
- Extending the enabling conditions in the CPR to cover also respect for the certain horizontal principles such as the Partnership Principle.

## **2.2 Adjusting MFF & funding period to Parliamentary election rhythm**

The MFF and EU Funding must be under democratic control, therefore the timeframe of each must be adjusted. Having different periods of introducing the new EU MFF and a new EU Commission risks inconsequential policies and leads to substantial changes that could harm the efficiency of EU policies. From a Cohesion Policy perspective, the funding period should be extended to 10 years with a midterm review after 5 years. Whether it may be relevant to reduce it to a 5 year, 2.5 year, annual, or any other timeframe, in order to allow for a more flexible funding and adaptation to shocks and crises the EU might have to address, should be considered by the Greens/EFA Working Group of the Committee on Budgets.

Current development and proposals like CRII, CRII+, CARE, CARE+, FAST CARE, REPowerEU, ASAP, STEP, show the necessity of a more flexible budget beyond Cohesion Policy. If we keep re-allocating funds and re-shaping funding possibilities and eligibility for EU money, this may allow fast reactions and help, but at the same time ignores the long-term priorities and goals defined. We need both: a fixed budget for structural development and a flexible amount that could be used in any case.

## **2.3 Stronger Principle of Partnership and Subsidiarity**

When implementing Cohesion Policy, it must be ensured that effective participation of civil society, local and regional authorities is applied. The active implementation of the partnership principle guarantees the application of subsidiarity, proportionality as well as additionality. The next CPR should even reinforce the multi-level approach to ensure synergies, alignment and efficiency of one third of the EU's budget via Cohesion Policy. Decentralisation and sub- delegation of programme implementation ensures that EU money is spent where it is needed and not supporting the interests of national governments. The application of the European Code of Conduct on Partnership should be included and defined with specific criteria in the regulations and be legally binding. The EU Commission should evaluate the application of subsidiarity and proportionality together with the EU Parliament and exclude national governments from taking advantage of subsidies when they do not respect a multi-level governance approach and take into account the real needs of their country and regions. Technical assistance should be made available for all relevant partners in the preparation and implementation of programmes, in particular in the field of capacity building, networking and communication on cohesion policy.

Bottom-up approaches like LEADER in the Rural Development Policy (EAFRD) did prove their effectiveness and efficiency. Approaches like these should be reinforced in order to address the needs regions and citizens have. Local action groups should be empowered to develop an integrated strategy for local services, markets and employment opportunities and a specific amount of Cohesion Policy must be allocated to an obligatory funding via approaches like Community-Led local Development (CLLD), Integrated Territorial Initiatives (ITI) or similar. The current CPR covers such instruments but only on a voluntary basis. Even though regions are able to get 10% more EU funding when they choose this bottom-up approach, the incentive is not big enough and regional authorities are afraid of more administrative burdens when choosing CLLD/ITI approaches. Nevertheless, only bottom-up funding ensures EU money goes where it is needed most.

When it comes to the partnership principle, legislation leaves open how it is defined exactly. And this problem leads to regions and Member States not following this principle and not involving people, local and regional actors in the decision making process at all. Therefore it needs to be clarified legislatively how partnership is defined and of what it

constitutes, what conditions need to be fulfilled and to what extent civil society actors, citizens, municipalities, and regions need to have on the design of regional programming and partnership agreements in order to be acceptable.

Also, we call for dedicated funds for direct EU financing for cities, municipalities and towns, in particular for actions aiming at reaching the EU climate objectives. Such financing should be directly managed by the EU.

## **2.4 Control of funds**

Given the key goals of cohesion policy, any assessment of the efficiency of cohesion policy measures should focus primarily on the real impact of projects implemented, the achievement of cohesion goals within the region concerned and improvements in key development indicators, rather than being solely focused on strict adherence to administrative rules.

The Greens/EFA want to reduce the bureaucratic burden for beneficiaries in the implementation process and insist on the application of the single-audit principle. Audits should focus on results and verify the proper functioning of programmes. Access to EU funding should also be improved. To do so, the Commission could consider setting up one-stop shops in all EU Member States (for example, as part of Europe Direct) in order to provide holistic advice to citizens and communities wishing to participate in EU funding programmes. This new service could also handle complaints about the implementation of cohesion policy on the ground and tackle problems of policy coherence (for example, with EU environmental and climate policy), and thereby help to prevent the misuse of funds and reduce the error rate in cohesion policy.

The Greens/EFA put a strong emphasis on combating corruption in cohesion policy and state capture of cohesion policy. Of particular concern is large-scale institutionalised corruption or lack of independence in the Management Authority. The embezzlement of ESI Funds by political elites has a particularly negative impact on the credibility of democratic institutions and EU policies and potentially leads to more subtle ways of limiting competition and rigging procurement procedures in favour of politically connected groups, which results in inflated costs.

For example, building and construction project budgets should be checked against a properly maintained database of relevant average unit costs. Use of high quality and internationally recognised standards, such as ISO 20400, should be encouraged and promoted. The analysis of construction budgets for overpricing risks could to a large extent be automated using suitable and interoperable IT applications. For exceptionally large EU-funded projects with high corruption risks, special management structures should be put in place to bypass local power structures and enforce standards independently. Imposing further bureaucratic controls is not the solution, as the focus of the current administrative framework on procedural and financial compliance is ineffective in preventing elite-driven corruption. Audits and reviews more focused on output quality, input cost and actual competition intensity would be more likely to uncover and curb corruption. Along with improved procedures, tools like ANTICORRP could provide practical guidance on good public procurement practices. Furthermore, the Arachne risk-scoring tool could support the identification of recurrent contract winners and should be mandatory for all Member States. In addition to the tracking of the ownership structure of contract-winning companies, it facilitates the detection of the channelling of ESI Funds to closed networks linked to political elites. The emergence of tight networks winning disproportionate shares of contract value should be monitored to supplement the use of Arachne.

In relation to elite-driven corruption involving EU/cohesion funds, and other criminal offences affecting ESI funds, the Greens/EFA Group regards it as a cause of concern that not all Member States are participating in the European Public Prosecutors Office<sup>2</sup>, which enjoys a degree of independence from the political elites of Member States. It is especially concerning to note that among the Member States which currently do not participate in the EPPO, there also are EU countries where laws affecting the independence of judges have been introduced. As to the prevention strand, the principle of the shared responsibility for the management and oversight of the programmes funded from ESI Funds may imply a variety of ways of dividing competences among the players involved. As such, Member States should put in place mechanisms for the effective prevention of corruption among all the actors concerned, and corresponding level of governance, in particular through a more direct involvement of sub-national and non-political players bypassing national level power structures if the indicators of the risk of institutionalised

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<sup>2</sup> As of now, Poland, Hungary, Ireland, Denmark and Sweden are not participating yet in the EPPO

corruption signal that such a shift is necessary. This should entail inter alia the strengthening of cooperation with alternative structures, and in particular with the EPPO, to ensure stronger controls at EU level.

### **3. Empowering local administrations**

#### **3.1 Strengthening the quantitative and qualitative capacity of local administrations**

Administrations at regional and local level have a specific role in the implementation of EU policies. Public administrations at national, regional and local level are the ones that deliver crisis response, provide services, implement reforms, manage investments and, more generally, manage public spending to create expected social value. They are involved in the implementation of a significant part of the EU budget as they implement 70% of all EU legislation, 70% of climate mitigation measures, 90% of climate adaptation policies and 65% of the SDGs. At the same time, most administrative reforms address mainly the needs of the central administration.

The pre-financing scheme should ensure that a Member State has the means to provide support to beneficiaries from the start of the implementation of the programme. One of the main obstacles in the implementation of the EU projects on the ground and in local environments reported by many stakeholders such as regional and local authorities and civil society organisations is a lack of administrative and financial means to enter into the application process for receiving the EU support. This is because most of the programmes are co-financed and repaid after the certain phase of the project is closed and therefore a substantial amount is needed in advance, especially when there is no pre-financing available.

In the new CPR, the rate of pre-financing amounts to 0.5% from 2021 to 2026, while in the 14-20 programming period it was substantially higher. It is worth mentioning that, following the FAST-CARE, an additional 0.5 % pre-financing was to be paid in 2022 immediately following the entry into force of this Regulation and an additional 0.5 % pre-financing will be paid in 2023 for programmes supported by the ERDF, ESF+ or the Cohesion Fund under the Investment for jobs and growth goal.



While the pre-financing part is indeed what we could seek to strengthen in the future cohesion policy and our Group could support, quite a lot is dependent on the internal organisation and the national structure of each Member State for the implementation of the cohesion policy funds.

In the context of the post-27 Cohesion Policy, we consider that it is worth exploring the option of introducing of a form of differentiation in the amount of pre-financing between investments, with the aim of increasing the pre-financing rate for smaller scale projects and of keeping or reducing the rate for bigger investments. This is especially important since the latter are usually carried out by economic actors that may not necessarily need advance payments. A higher pre-financing for small-scale projects/SME would boost local competitiveness and lead to economically stronger regions.

Managing authorities with their different level of responsibilities and appointed bodies for implementation often set the rules, which may cause even more unnecessary administrative obstacles. Furthermore, the territorial organisation of the Member States can, in some cases, result in too many of the local/municipal entities ending up with very limited resources, whether administrative or financial, meaning it is hard for them to undertake all the necessary steps for the potential application to the cohesion funds.

Therefore, although it is primarily a national responsibility, our Group could publicly promote its view on what this organisation should look like. This is in any case something that must be followed by thorough analysis and exchange of views at all levels.

The role, expertise and human resources of the relevant local and regional authorities, as well as of the Managing Authorities, are absolutely pivotal to the successful implementation of Cohesion Policy Funds.

Technical assistance is available to help stakeholders implement Union-funded programmes and projects. Under the European Union's cohesion policy such financial support can be used to pay for preparation, management, evaluation, monitoring, audit and control. Both the Commission and Member States can provide technical assistance.

More specifically, at the initiative of the Commission, the Funds may support preparatory, monitoring, control, audit, evaluation, communication (including corporate communication) on the political priorities of the Union, visibility and all administrative and technical assistance actions necessary for the implementation of this Regulation and,

where appropriate, with third countries. Technical assistance at the initiative of the Commission supported under this Regulation in direct management and the underlying costs may be considered eligible for such support from 1 January 2021, even if these actions were implemented and paid for before the grant application was submitted. Also at the initiative of a Member State, the Funds may support actions, which may concern previous and subsequent programming periods, necessary for the effective administration and use of those Funds, including for the capacity building of the partners (regional, local, urban and other public authorities).

## **4. More territorial balance in Cohesion Policy, direct access funding for cities and stronger rural-urban interlinkages**

### **4.1 Outermost regions**

The Outermost Regions (ORs) bring together, under the same European technocratic term, profoundly different territorial, political and human realities.

There is in fact no relationship between Mayotte and Reunion. The former being Comorian territory recently annexed by French colonisation, integrated into the Republic, and therefore into the European Union, as a department following a referendum process, while the latter is another French overseas territory also located in the Indian Ocean, but whose integration into the European Union is based on strong democratic and historical foundations.

The ORs of Spain (Canary Islands) and Portugal (Madeira and Azores) are close to the situation of Reunion.

The French ORs in the Caribbean Sea, Martinique and Guadeloupe, are in between: their historical course is close to that of Reunion, but the peoples of Martinique and Guadeloupe are developing independence movements, with, at the very least, the feeling of a Caribbean identity widely expressed through a political and cultural claim that our group must support.

Indeed, the ORs of the Antilles share the same Creole culture as several independent States in their vicinity: Haiti, Santo Domingo, Island of Dominica, etc. which defines their

belonging to another geopolitical space in addition to that of the EU, while Madeira, the Azores, the Canary Islands or Reunion do not share this same “double belonging”.

Guyana, the only non-island OR, differs again in circumstances. The Amerindian population is an indigenous people, while the descendants of slaves form a Creole identity as in the West Indies.

The fact that this territory belongs to the European Union confers responsibility on the EU in one of the most important ecological battles of the century: the Amazonian forest.

The political priorities of our group with regard to the Outermost Regions should be:

- Maintaining a differentiated status for these territories which have no natural geographical link with Europe;
- Economic solidarity to guarantee their citizens a standard of living comparable to European standards;
- Recognition of the right to self-determination for the overseas peoples of Europe, and development of a model of free association that guarantees them this right;
- Bring an economic, social and educational added value to these territories;
- Economic and social support for the reception and integration of people arriving in the context of mixed migration movements, particularly vulnerable people such as unaccompanied minors;
- Stronger focus in the ORs on health access system development and access to care.
- Following up on the Transition Pathway for Tourism to reach the goal of climate neutrality, as well as to support the development of sustainable and soft tourism throughout European destinations for both tourists and local populations;
- Locally adapted public transport and cycling infrastructure;
- Support in the development of local waste management strategies that take account of the priority issues of the ecological and energy transition and the protection of local biodiversity, and that can reinforce the implementation of a circular economy in the ORs;
- Finding alternatives to live animal transport to eliminate animal suffering, for example through the transport of carcasses, embryos, or semen and ovaries instead;

- Preservation of marine and terrestrial biodiversity, as the ORs contain 80% of plant and wildlife diversity found in the EU and are particularly threatened by climate change;
- Helping to create new sustainable employment opportunities in the context of the green and digital transitions, thus also increasing attractiveness of the ORs for young people;
- Championing sustainable agricultural production for local consumption, supporting remunerative and environmentally friendly short supply chains and the development of a farming sector that prioritises high value-added traditional products and green solutions.
- Fighting rent-seeking economics: Large areas of the outermost regions' economy are controlled by a small number of people, constituting in some cases monopolistic situations. Support to small companies and businesses should be our priority;
- Encouraging economic ties with neighbouring countries to foster local economy instead of prioritising exchanges with Member States.

#### **4.1.1 Islands**

While islands are mentioned in the treaty, art 174 TFEU, and should have a specific recognition in the framework of the Cohesion policy, no action has been put in place to take into account the specificities of these territories, a part for islands which are also an Outermost regions (cf 4.1).

Islands face de facto structural and permanent handicaps which have a major impact on the possibility to reduce economic, social and territorial cohesion. They are, de facto, peripheral territories with less economic and social opportunities; they are obviously disconnected from the mainland and the core of the EU which increases the cost of connectivity (ex : transport); and they have regularly a smaller population (be overall or proportionally) increasing mechanically the cost and the barriers of the needed sustainable investments.

Therefore the Greens/EFA group supports the creation of a differentiated status, based on article 174 TFEU, for the EU islands in order to take into account their respective permanent handicaps. In the framework of this new status,

- an economic solidarity to be guaranteed to their citizens in order to converge upwards to the standard of living comparable to European Union average;
- a tailored-made adaptation of the EU regulations, especially in terms of fighting against climate change & protecting biodiversity, water management, waste management, transport (cf: state aid rules and EU continuity), energy (cf: non connected territories), agriculture, fisheries, tourism, circular economy & state aid rules (cf: Minimis), in order to secure a local and sustainable development in line with our global commitments and benefitting primarily to the local populations and businesses

## **4.2 Territorial fragmentation**

Given the growing divisions, diversity and disparities between different types of territories, territorial fragmentation has become a complex challenge across Europe. Yet, paradoxically, this is a largely unrecognised problem.

There are different types of fragmentation, due to the different types of territories, with great variations in population density, between more urbanised and rural areas. Economically, there are large gaps between the most and least prosperous areas and between areas of economic growth and those experiencing increasing economic decline. Disparities are widening rapidly between areas that offer development and economic opportunities and those that do not. Many regions face serious difficulties and suffer from demographic and economic decline. We also have several territories that face several challenges such as climate change and migration, with different impacts depending on the territory.

Fragmentation has become not only a major social and economic issue, but also a politically sensitive one. More and more regions are structurally underdeveloped, which leads to strong dissatisfaction among their inhabitants. This discontent is rooted in the increase in territorial disparities between rich/developed areas and poor areas due to globalisation and internal policies. This phenomenon is in turn at the origin of the rise of scepticism towards the EU. Most European citizens recognize the stability and peace brought by the EU, but the general feeling is that the EU is reneging on its promise of prosperity and well-being for all.

This situation has been fully exposed by the Brexit process. Far-right political groups have used the crisis to attract more consensus. Given the gravity and scope of the implications of territorial fragmentation for the European project, the question is: what should we do to intervene on territorial fragmentation?

We must intervene with a set of European territorial strategies at several levels. Many of the problems of fragmentation are intrinsically linked to the lack of a common vision of a European development perspective. Therefore, one of the main tasks of the EU in the years to come will be to bring Europe closer to its citizens.

Europe must ensure that all parts of society are heard, within a framework of social, economic and territorial cohesion. The 2021-2027 programming period must contribute to this task by advocating for strategies developed at local and regional level, in order to bridge the gaps between municipalities and regions. We need to strengthen existing general investments, which aim to foster the circular economy and enable viable investments in rural areas/small towns. Although the European Structural Investment Funds, in particular the Regional Development Fund, have been tackling the problem of territorial fragmentation for many years, its structural nature requires new sources of investment.

Missing access to high quality services and rapidly ageing populations are pressing issues that need to be properly addressed. Another fundamental issue is the need for a much more proactive participation of regions, departments and cities. Genuine cooperation between regions and cities is essential. We must make cross-border cooperation at all levels, local, regional and national, an essential axis of European cohesion policy. As Greens, we will have to develop a European media message, which will necessarily reflect the issue of territorial fragmentation.

#### **4.2.1 The new fractures of society**

The evolution of housing over the last decades has generated new fractures in society. Demographically, a profound movement of urbanisation has occurred to the benefit of the metropolitan areas and to the detriment of a deserted rural area. This “metropolisation” has unbalanced our territories, under the pretext of territorial planning.

Certain metropolitan areas demonstrate the social divide through openly territorialized zoning. They can also generate a suburbanization, whose inhabitants are aware of their social marginality (because of their distance from the centre), increasing significantly today when their only means of transportation, the car, sees its costs explode.

Rural areas have been deserted in two opposite ways. One was the loss of activities and the rural exodus, the other with hyper-agricultural concentration, which has depopulated the territories at the same time as it has modified their landscape and natural landmarks.

In this extremely divided sociological landscape, the political evolutions are the following:

- In the metropolitan centres, the political offer of the "democratic arc" (right-wing, ecologists and left-wing) is solidly established. Within it, the green movement has made an unquestionable breakthrough which can be further increased and provide answers to the crucial and growing problems of the suburban areas, particularly in terms of mobility. This is a way to remove them from the grip of the far right, and the ecological approach can provide solutions.
- In the suburbs, where the populations of immigrant origin are concentrated, abstention prevails, an obvious expression of a feeling of social exclusion. Some electoral sequences showed that a left-wing breakaway could still develop there.
- In the traditionally deserted countryside, the green movement had originally created a political space around the theme of "returning to the land" symbolised by the Larzac struggle in France. The increasing focus on nature and its preservation should not be in contradiction with day-to-day life in these territories. A tension is emerging with the cultural realities of these territories, often around open-air livestock farming. Actively promoting a dialogue with these populations is essential to avoid a triumph of the rural far right in these territories where the economic and identity crisis is profound. Only the ecologists could develop a counter-narrative that would bring hope to these populations. We have a solid vision of the agricultural transition and the benefits it will bring to rural territories, climate and biodiversity. We already have farmers demonstrating its successes and should build upon them for the upcoming campaign.
- In the deserted "industrial" countryside, large regions where intensive farming prevails and which are of immense importance for the agricultural policy of the future, many battles must be fought: Against pesticides, against intensive agriculture, by supporting the conversion to organic farming, which creates jobs

and thus repopulates these degraded rural areas and by acting to promote biodiversity. It is important to think about a large-scale campaign to bring these themes to these territories.

### **4.3 Rural-urban linkages**

The future of cohesion policy needs to be even more territorially balanced. It has to take into account all the different challenges and needs as well as potentials of the diverse regions within the European Union.

Rural areas make up 80% of the European Union's territory and account for 30% of its population. Challenges like the recent worldwide health crisis increased the need for resilient and well-connected rural areas as well as the need for improved public services in rural areas. Many people left or had to leave urban areas, remote working possibilities are the new normal and attract more people to the countryside, many SMEs in particular had to move out of town while city centres keep suffering from a variety of challenges. This trend can either stay or change - both, rural and urban areas need to be strengthened to be prepared for any economic, social or environmental challenge.

It is therefore crucial to strengthen rural and urban areas as well their interlinkages as urban and rural areas' development and citizens depend on each other.

In order to take full advantage of the wide diversity that different territories offer, cohesion policy should be based on a territorial approach, to efficiently and sustainably address challenges and needs of respective areas. As social, environmental and economic development does not necessarily correspond to administrative borders, cohesion policy should be conceived from the bottom up and include more local and regional approaches horizontally. With a more integrated approach, funds could be combined strategically, ensure tailor-made support and empower even more development across territorial borders.

For that to happen, rural development funding should go hand in hand with regional funding, which makes up about one third of the Union's budget. The European agricultural fund for rural development (EAFRD) should therefore be linked to the cohesion policy



framework, and be associated again with the Common Provisions Regulation<sup>3</sup>, which is needed to fully develop rural regions. This synergy would include a political and programmatic sharing of leadership between DG AGRI and DG REGIO in the EU Commission, and between the AGRI and REGI committees in the European Parliament. The need for an integrated approach of funding, including EAFRD in regional development, could ensure the achievement of synergies and stronger rural-urban partnerships.

Cities should also be given explicit support to recover and rebuild their resilience and build up preparedness. Direct access to funding for cities and urban municipalities should be made possible to ensure urban areas get support where needed and are independent of national or subnational level when it comes to their development.

The European Regional Development Fund (ERDF) already provides a special focus on sustainable urban development with at least 8% of its resources set aside for crosscutting actions, but, amongst other things, we have to take into account the seriousness of the demographic challenge, with the level of urbanisation expected to increase by 83.7% in 2050. In this context, the role for Functional Urban Areas (commuting zones) and peri-urban areas should be re-thought.

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<sup>3</sup> The CPR reg. 1303/2013 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32013R1303> allowed MS, regional and local authorities wanting to implement rural development projects to mix and match from various EU funds listed in it, instead of being constrained to just one - the rule of thumb for EU funds, which are usually mutually exclusive according to the EU Financial Regulation. Its successor, Reg.2021/1060 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021R1060> does not include the CAP's EAFRD.