



AER position on cohesion policy post 2020

The Assembly of European Regions (AER) is one of the largest independent political networks of regional authorities in wider Europe, bringing together 150+ regions from 30 countries along with 15 interregional organisations. AER is a forum for interregional co-operation and an actor that promotes and defends the regional dimension in Europe.

A strong renewed cohesion policy for all regions is central to the European Union's (EU) future.

Cohesion policy is and should remain at the core of the EU. The added value of Europe's largest investment policy is undeniable: no other EU policy has a comparable capacity to leverage for investment and support for European priorities. No other EU policy tackles territorial cooperation between various types of stakeholders at different levels of government. Multi-level governance is key and adds value to cohesion policy. No other EU policy sees solidarity as a key principle in achieving European goals.

Maintaining and building upon these achievements will be essential if the future cohesion policy is to successfully address the challenges confronting the EU today. Especially if it is to deliver the results for a greater economic, social and territorial cohesion beyond 2020. This renewed policy must therefore continue to push for reduced disparities between EU regions and for inclusive and sustainable growth, for the EU and its citizens.

The meaningful engagement of regional authorities in future policy design and implementation is critical in delivering an ambitious cohesion policy at a challenging time for European cohesion. Regions, not the member states, are the primary level of government taking on the challenges that cohesion policy addresses. Regional authorities are fundamental in making cohesion policy effective. They are best placed to guide the EU on regional contexts, needs, and to communicate its added value to EU citizens.

Cohesion policy is the European Union's most powerful instrument to improve the quality of life of citizens. It has the potential to address the major social, economic and environmental challenges the EU currently faces. Cohesion policy needs a vision for the future, clear rules and a delivery mechanism that works to achieve tangible results throughout Europe.

We therefore urge the European institutions, national governments and every regional and local authority to take into consideration the following recommendations for the future of cohesion policy:

1. The high level of ambition for the future cohesion policy must be matched by **adequate financing**.
2. A **common vision** on what Europe should look like is essential to give a clear direction to cohesion policy, acknowledging and celebrating the strength of diversity. Member states and EU institutions should trust the local knowledge of regions to get the most out of cohesion funds for their inhabitants.
3. **The overarching goal of cohesion policy is improving the quality of life of citizens all around Europe.** With this in mind, future investments should be directed towards Europe's key enabling factors of smart, sustainable and inclusive growth such as climate change and adaptation, energy transition, circular economy, social inclusion, job creation, culture, digital and physical connectivity and research and innovation. It is at the regional level where EU policies deliver visible results for European citizens.
4. **Grants should remain available for every European region:** from sparsely populated rural regions to urban metropolises and from islands to mountainous regions. The less developed

regions should be encouraged to catch up with the rest, the more developed regions should be enabled to be competitive in a globalised world.

5. Using only the **Gross Domestic Product as an indicator to differentiate between less developed, transition and more developed regions has become insufficient** to determine a fair allocation of funds. The need for complementing measures that take the diversity within our regions into account (e.g. social, demographic, environmental, geographical), should continue to be considered for the next programming period.
6. Receiving funds comes with the responsibility to deliver tangible results in our regions. A low absorption rate of cohesion funds means that the EU budget is left unspent and does not benefit its citizens. As a consequence, it is essential that **regions, member states and European institutions cooperate** to remove bottlenecks and increase the performance of cohesion policy.
7. **Increase and facilitate investments in cross-border, transnational and interregional programmes and smart specialisation strategies**, which have proven to be of clear added-value for European territorial cooperation and for the delivery of cohesion policy. Cross-programme cooperation between Interreg, Horizon, Erasmus, EGTC, macro-regional strategies and cohesion funds should be encouraged and facilitated.
8. **More innovative place-based funding** should support cooperation across administrative borders and functional areas, according to the OECD's Regional Outlook 2016 Report. This would enable balanced, integrated and long-term territorial development strategies.
9. In order to deliver results more successfully and increase the effectivity of funding, the current delivery mechanisms of cohesion policy must become more simple, predictable and fair for its beneficiaries. To ensure more efficient and effective spending with minimum bureaucracy costs (by publishing the cost efficiency assessment of the administrative burden), the European institutions and member states are urged to:
 - a. Create **more predictable delivery mechanisms** by preventing imposed overlapping and sometimes obsolete (national) rules during the implementation of cohesion funds ('gold plating'). All the necessary preconditions should be clear to beneficiaries and European, national, regional and local administrations at the beginning of the new programming period.
 - b. Establish a **single rulebook for all the different European Structural Investment funds**. A single set of rules would lead to a transparent and more easily accessible delivery mechanism for every region. It would also create more possibilities for synergies between cohesion, agricultural and fisheries funds. **The number of funds should be reduced**, to allow for greater flexibility for the regions to set priorities based on each regions' unique challenges and opportunities.
 - c. Develop **performance-orientated audit regimes based on proportionality** in error rates and scale of a programme. A less stringent audit regime for small scale projects could add incentives for Small to Medium Enterprises to apply for subsidies. Proportionality in error rates would reward those beneficiaries who have rarely made mistakes with reduced administrative burdens.
 - d. Secure investments over a longer period of time by delivering the policy through **multiannual programmes**. Entrust regions with more flexibility to deliver tailor-made solutions based on their specific needs and add flexibility to shift the budget to pressing issues, unforeseen crises and unexpected events within the framework of common objectives.
10. **Actively involve regions in strategy setting and policy formulation** to ensure that national strategic reference frameworks are better in line with regional innovation strategies and in accordance with regional and local realities. Regional authorities' engagement in the design, implementation, monitoring and evaluation of the future cohesion policy must be enhanced by putting in place genuine partnership mechanisms, on the basis of a multilevel governance and a bottom-up approach. These engagements would allow for greater ownership, effectiveness, transparency and accountability.