



Baltic Sea States Subregional Co-operation
EU COHESION POLICY AFTER 2020

2nd BSSSC paper on MFF and Cohesion Policy
Adopted by the Board, 10 September 2018

The BSSSC Board refers to its paper from 9 February 2017 outlining the BSSSC position on EU Cohesion Policy after 2020.

1. Negotiations on the basis of the European Commission's proposal to be concluded by 2019

BSSSC believes that the proposal tabled by the European Commission for the Multiannual Financial Framework (MFF) of the EU after 2020 is a good starting point for the upcoming negotiations of the EU institutions. The proposal's close link to the political priorities of the Union of 27 is correct and expedient. The clear alignment of the EU budget to the European added value pursued by the European Commission as well as to results and efficiency should be supported. In light of its constantly growing significance and numerous new challenges, the EU should be provided with appropriate funding. Concluding the negotiations before the European elections 2019 is of the utmost importance even if this is an ambitious goal.

2. No cuts in EU Cohesion Policy

BSSSC is aware of the conflict between lower revenue arising from the Brexit and additional expenditure arising from new tasks of the EU. However, it reiterates the important contribution of EU Cohesion Policy to the Treaty objectives of the EU, as well as to the new challenges. In view of its high European added value, BSSSC takes the view that EU Cohesion Policy's share in the MFF should not be reduced. It rejects the financial cuts in its budget: The European Regional Development Fund (ERDF), the Cohesion Fund (CF) and the European Social Fund (ESF) significantly contribute to the EU's priorities in the current programming period, in particular to innovation and research, education and employment, CO₂ reduction and social integration and inclusion. These EU funds have the great advantage of being implemented in the regions and municipalities. They make Europe and the European priorities and objectives directly visible to people.

BSSSC emphasizes that measures to support reform commitments by the Member States cannot be financed at the expense of Cohesion Policy. The allocation of 25 billion € for the Reform Support Programme 2021-2027 proposed by the European Commission is neither necessary nor adequate and should be used to enforce the means for Cohesion Policy in the regions and municipalities instead.

3. Need for stronger synergies

BSSSC emphasises the need for stronger synergies between Cohesion Policy and other EU policies as well as within Cohesion Policy amongst ERDF, CF and ESF. Therefore, the European Agricultural Fund for Rural Development (EAFRD) should not be excluded from the Common Provisions Regulation. The exclusion would have a negative impact on the coordination of Funds on all levels and may be an obstacle for providing integrated and territorially-based support for rural areas.

Also, for the sake of coordination and stronger synergies, BSSSC suggests that instruments under direct management, such as LIFE+, Horizon Europe, Creative Europe and Erasmus+, should create stronger links to Macro-Regional Strategies.

4. Mitigating the reduction of the EU co-financing rates

The proposed co-financing rates for ERDF, CF, ESF and EAFRD must be viewed extremely critically and therefore increased up to the current (2014-2020) level. The significant overall reduction of co-financing proposed by the European Commission generates a high risk of de-commitment of funds mainly in less developed regions and seems generally unappealing in regions with comparatively low funding intensity.

5. Further refinement of indicators for the allocation of funds

BSSSC welcomes the fact that the acceptance and integration of migrants as well as decarbonisation are to be included as additional indicators within the framework of the “Berlin Formula”. Other indicators that should be taken into account are specific demographic problems, namely the aging of the working population. The European Commission is requested to also make suggestions on how the concerns of the processes of regional structural change can be taken into consideration within the framework of the “Berlin Formula”.

6. No reduction of funds for European Territorial Cooperation (INTERREG)

BSSSC regrets that although the European Commission recognises the significant European value added by the European Territorial Cooperation (INTERREG), it simultaneously, however, intends to reduce its overall funds as well as its portion of funds relative to the Cohesion Policy envelope. This applies in particular to the

obvious reductions at the expense of cross-border cooperation as well as waiving the allocation of financial means for project-oriented cooperation within the proven INTERREG Europe Programme. The INTERREG funding makes a significant contribution to European integration and to fostering good neighbourly coexistence in Europe. Therefore, financial allocation for INTERREG should be envisaged for the upcoming MFF that corresponds at least to that of the current funding period. Preferably, the funding for component 1-4 should amount to 3 per cent of the total cohesion policy envelope.

BSSSC welcomes the strengthening of transnational programmes in areas with a Macro Regional Strategy (MRS) and the measure to increase the alignment between funding and MRS priorities. At the same time, it underlines that transnational programmes should not be treated as the only source supporting MRS, which should be financed by various funds, including European, national and regional.

BSSSC appreciates the proposal to fully incorporate former ENI programmes into INTERREG rules and to treat member states, third countries and partner countries on equally footing in the new INTERREG programmes. However, existing pre-financing facilities should be maintained.

BSSSC supports the proposal to allocate funding to people-to-people actions and enhancing sustainable democracy in transnational cooperation programmes. This is in line with the BSSSC policy paper on culture that underlines that a vivid and attractive cultural life in European regions must have high priority and should be highlighted in all EU policies. BSSSC stresses that funding of small-scale projects in the fields of culture, intercultural exchange and the promotion of democracy and tolerance should be part of all INTERREG programmes.

Limiting the co-financing rates for individual INTERREG programmes to 70% is unacceptable especially for non-governmental and civil society organisations. BSSSC asks, therefore, to maintain the maximum co-financing rate for INTERREG as laid down in the current Common Provision Regulation (Regulation (EU) No. 1303/2013).

It is welcomed that the European Commission clearly gives priority to EU law over national law. However, it is regrettable that it did not speak out for a single regulation on the basis of EU law. This means that insecurities remain for implementing authorities when implementing programmes.

BSSSC is very concerned about the European Commission's proposal, to integrate maritime cross-border programmes into transnational programmes (INTERREG component 2). Maritime cross-border programmes have created clear added value. These programmes, run by regional authorities, have strongly

increased local and regional actors' participation in EU-funded cooperation. This has fostered the principle of subsidiarity, multilevel governance and local engagement. The disappearance of the maritime cross-border programmes in their current form would result in the loss of regional decision making capacity and would jeopardize the vital participation of local, regional and non-governmental actors. Regarding the current INTERREG programme Germany-Denmark it would, in addition, lead to a division of the programme area with all its negative side-effects.

While supporting the opening of mainstream ERDF programmes for transnational cooperation, BSSSC regrets that the European Commission proposes to discontinue the INTERREG Europe programme in the new funding period. BSSSC stresses that INTERREG Europe is the only programme enabling regions to cooperate with other regions all over Europe. The programme is very important for supporting capacity building and policy learning – and thus improving the performance of Cohesion Policy.

Notwithstanding the added value of the proposed interregional innovation investments (INTERREG component 5), this new component doesn't meet the intervention logic of the classical INTERREG programmes and de facto reduces the budget for INTERREG even further. Interregional innovation investments aim to support smart specialisation and internationalisation of the economies throughout the EU and should therefore be integrated in the regulation for mainstream ERDF programmes or be a part of the Horizon Europe Programme. As a result, component 5 should be deleted within the INTERREG architecture and the proposed resources for component 5 should be used to strengthen the cross-border component and to reintroduce INTERREG Europe.

7. Implementing truly significant simplification

All suggestions made by the European Commission on simplification in the context of funding from ERDF, CF, ESF and EAFRD should be supported. However, the European Commission should further substantiate this and actually find more forms of relief for administrative authorities as well as for the beneficiaries of the funding. In particular, BSSSC reiterates the need to exempt all INTERREG funding from state aid rules.

8. Strengthening research, innovation and Trans-European Networks

BSSSC supports the European Commission's endeavour to strengthen the strategic research policy, innovation ability and the European research area as well as entrench excellence and subsidiarity as basic principles of European research funding. BSSSC welcomes the important role of smart specialisation in innovation based economic growth. The European added value is especially visible in the development of the Trans-European Networks in all three areas – transportation,

energy and digital matters. This also applies to investments in transportation systems and the cross-border transportation infrastructure. Therefore, the proposed fund allocation for Horizon Europe and the Connecting Europe Facility is welcomed. This should be retained in the ongoing negotiations.

The Baltic Sea States Subregional Co-operation (BSSSC) is a political network organisation for decentralised authorities in the Baltic Sea Region (BSR). BSSSC acts as an open, non-party political platform, which represents the interests of all sub-regions around the Baltic Sea — promoting common political ideas with a joint regional approach.