



## **Position of Polish Regions on EU Cohesion Policy beyond 2020 (CP2020+)**

(adopted on 23<sup>rd</sup> November 2016)

### **Considering that the existing 16 regions established in 1999 in Poland:**

- 1) have democratically elected representative bodies and executive authorities,
- 2) operate their own budgets and carry out pro-active development policy addressed to a population of over 38 million,
- 3) have been among the fastest growing regions across the EU in the last 10 years,
- 4) have independently managed almost EUR 50 billion in EU funds since 2007 as managing authorities for regional operational programmes,
- 5) have achieved the significant level of intra-regional cohesion and socio-economic development,
- 6) possess extensive experience and successful track record in managing CP funds on a large scale, making an unquestionable and measurable contribution to CP objectives,

**we hereby put forward our Position regarding CP2020+**

### **I. The role, objectives and addressees of CP2020+**

1. The essential role and fundamental objectives of CP are embedded directly in the Lisbon Treaty and remain as relevant as ever. CP aims are to remove economic, social and territorial disparities across the EU, contributing to the full actualisation of the idea of a common market, which is the key driver of the EU's competitive power globally.
2. As a key development policy of the EU, CP creates European added value through such advantages as multi-level governance and cooperation, multi-annual programming and funding, an integrated development approach (the ability to tap into endogenous potentials of regions), high institutional standards (transparency, evidence-based approach) and measurable effects for all EU citizens on a local scale. This is reflected, for instance, in the increasing number of jobs, the improved access to high-quality public services and sustainable environmental management.
3. Given that the EU is facing adverse external and internal conditions, CP should revise its focus to address new challenges involving demographics, migration, energy security and external borders, to name but a few. In this context, CP could substantially help to adopt in the EU a pre-emptive approach to tackle emerging challenges and potentially turn them into development opportunities.
4. CP must not, however, be considered a crisis management policy and a cure-all for adverse socio-economic developments in the EU. Instead, CP should retain its strategic nature, ensuring a sustainable and adaptable investment framework to support long-term development impacts. By extension, CP should also be closely aligned with the broader objectives underlying the EU's strategic development vision beyond 2020 without losing its territorial focus.

5. CP should involve all EU regions, with its scope of funding and intervention, and the individual implementation instruments, being adapted to the specific nature of each region (“tailor-made” instruments).
6. A radical change must be made in how the impacts of CP are communicated to EU citizens. CP's economic, social, spatial, environmental, cultural, political and even civilisational achievements need to be highlighted. CP should redouble its efforts against the identity crisis in the EU, even more so because developed countries and regions benefit from CP's impacts through additional public procurement opportunities, increased exports and investment expenditures, and new jobs.

## **II. Funds and adaptability – how to maintain an optimum thematic concentration of CP2020+**

7. Given the scale and structural nature of the challenges to be addressed by CP, its proportion in the overall EU budget should be at least maintained at the existing level. Also, there is no need for a radical reform of the existing EU budget's composition, especially its division into separate budgets for Eurozone Member States and other Member States, being considered in some quarters. Although the EU budget should be more adaptable (*responsive*), and especially the re-allocation mechanisms for individual budget lines should be improved.
8. Generally, CP funds should be allocated between individual EU States on the basis of GDP/GNI (PPP) per capita.
9. A solution should be looked for which would prevent a dramatic change in the scale of CP interventions for the regions that become above the thresholds that define their eligibility for CP funding.
10. The reduction of *capping rates* for cohesion allocations should no longer be possible – the levels of these caps should be identical for all EU Member States.
11. While CP's thematic concentration should be strengthened, it should not be tied to a rigid expenditure structure, which is conducive to an inefficient allocation of funds as a result of the poor alignment of top-down objectives with the actual situation of a given territory.
12. The furthering of the thematic concentration of CP is conditional on an increased adaptability of this policy (*smart selectivity*). CP should recognise the specific nature of the areas to which the support is addressed and to channel its interventions with a view to identified development challenges faced by these areas. This will encourage managing authorities to take greater responsibility (including financial responsibility) for the obligations they assume and the impacts of the operational programmes they implement.
13. In order to become more adaptable, CP should increase its focus on strengthening the competitive advantages (specialisations) of regions, identified among others in innovation strategies for smart specialisation adopted in the current funding period. Ultimately, operational programmes should be less detailed in terms of the expenditure classification, and they should shift away from, for instance, uniform concentration limits, and also they should provide for allocations dedicated to (more risky) pilot or experimental measures. The extent and focus of these allocations should be adapted while the programmes are under implementation.
14. A greater proportion of CP budget should be allocated to territorial cooperation. Also, the former model should be reinstated where cooperation along the external EU border is funded within the CP framework and under CP terms. In addition, regions should play

a leading role in managing territorial cooperation programmes, including especially cross-border programmes.

15. CP should help to attract more private capital through a stronger focus on ventures that create positive economic impacts. To this end, it is essential to simplify the rules of cooperation between the public and private sectors, and of financial structure.

### **III. Coordination and simplification – how to increase the focus of CP2020+ on impacts**

16. CP should be synergistically coordinated in particular with those EU policies that involve R&D, transport, energy, environment, employment, rural development and the management of maritime resources, as well as with the *European Fund for Strategic Investments*. Such coordination should substantially support the impacts of interventions involving EU funds. In order for coordination to be more effective, CP and policies and instruments managed directly by the EC or EIB/EIF must apply uniform management standards and legal regimes, with specific territorial references (territorialisation).
17. The CP implementation system will become more effective if all the regions involved have the opportunity to learn how it works and to prepare for its adoption well in advance. This means that the whole CP legislative package should be adopted by mid-2019, and negotiations on programme documents should be concluded by the end of 2020.
18. The programming period for CP should be at least seven years, and it should be possible to revise (even substantially, if needed) the focus areas of structural intervention during the programming period.
19. The CP implementation system should guarantee a stable legal environment, reduced administrative burden and should ensure implementing of simplified procedures expected by EU Member States. This system should aim for establishing a framework that facilitates the effective achievement of CP objectives, instead of attempting to legislate in detail all the possible scenarios. It is impossible, on the one hand, and furthers mistrust among all those involved in CP, while generating greater transaction and PR costs, on the other.
20. The following confidence-building solutions could be adopted to make the CP implementation system more effective:
  - a) restricting the possibility of further specifying the EU regulatory framework for CP both by the EC and Member States, and also prohibiting the retrospective application of EC guidelines,
  - b) bringing more symmetry between the parties during (re)negotiations of operational programmes and introducing a broad catalogue of programme changes that could be implemented on a national (regional) level,
  - c) enabling the EC to act more efficiently in areas that call for an integrated approach and require consultation between different Directorate-Generals,
  - d) employing, to a greater extent, proven audit and control standards used in the private sector.
21. The CP implementation system should be diversified to reflect different institutional contexts of individual EU States and the level of funding available to them.
22. Also, CP should become more outcome-oriented. It is, therefore, imperative that the agreed development objectives prevail over the applied implementing solutions. Lines

of responsibility and accountability between EC and Member States, and regions, should be drawn clearly with a view to tapping into the potential of the shared-management model as much as possible, while continuing to improve it.

23. In the shared-management system, negotiations on operational programmes should focus more on arriving at an agreement regarding the diagnosis, objectives and expected impacts, and the lines of responsibility for implementing them (programme as a contract), and less on the scope of, and procedures involved in, interventions. This would enable managing authorities to select the optimum methods they see fit to achieve the objectives.
24. The existing conditionality mechanisms should be extensively modified:
  - a) ex-ante conditions should be known sufficiently in advance, unambiguous and verifiable according to transparent procedures. They should be set out in such a manner as to ensure that the responsibility for their fulfilment lies solely with the managing authorities in charge of operational programmes,
  - b) the country-specific recommendations (CSRs) should be long-term (rather than annual) and feed directly into the scope of CP interventions, as only then will it be possible to consummate them within operational programmes.
25. The performance framework (*reserve*) mechanism should be more aligned with its intended purpose. Such a mechanism should primarily support the *quality* (tangible impacts), rather than the *pace* of structural interventions. The performance reserve should not be confined within a rigid allocation structure, and the possibility of its deployment should be verified no earlier than five years after the operational programme is approved by the EC.
26. Other mechanism that should support the pro-active orientation of CP include strong incentives to:
  - a) use a model of regional operational programmes that allows for a place-based intervention that is comprehensive and aligned with the development context,
  - b) implement comprehensive and partnership-based projects helping to maximise socio-economic impacts on a regional scale,
  - c) engage in more risky innovative ventures while accepting that some of them might fail (a certain level of acceptable loss should be in place),
  - d) using such forms of support that minimise the substitution of private funds with public funds.
27. CP management directly by the EC should be allowed as an exception and involve only those supranational or network-related issues for which “centralised” management of public intervention has been proven to be highly effective and to have a positive “spill-over” effect.

#### **IV. The territorial dimension of CP2020+**

28. Recognising the subsidiarity principle and with a view to reducing the distance between the EU and the citizens, CP should strengthen its territorial dimension. A strong territorial dimension inevitably leads to a thematically integrated and spatially focused public intervention, increasing the effectiveness of the intervention and making its impact on a supra-local, regional and even supra-regional scale more sustainable. Sustainable impacts on a supra-regional scale could be supported by programmes designed for groups of regions. Therefore, there is a need to continue special support for the least developed regions (e.g. Operational Programme Eastern Poland).

29. CP must vigorously promote a broad application of instruments designed to support the territorial focus of interventions. Such instruments should be created by institutions managing operational programmes (primarily regional authorities) in response to the specific conditions and needs of individual areas. These instruments should not, however, require the establishment of new institutions, as they must remain adaptable (*responsive*).
30. Among other issues, CP territorial instruments should focus on the challenges faced by functional urban areas, including those involving the reduction of resource intensiveness and the improvement of living standards and the business climate. A stronger cooperation between regions and functional urban areas is one of the prerequisites for comprehensive CP projects to be effective.
31. Territorial instruments designed to integrate rural areas into development processes more extensively are also of essence. The specific nature of the challenges these areas are facing requires the incorporation of territorial measures in CP operational programmes that would use EAFRD funds.

## V. Uniform funding management and diverse forms of support

32. All measures available should be taken to establish uniform rules of managing funds provided by the *European Structural and Investment Funds*. This will help to overcome the existing lack of coordination, especially between the *European Regional Development Fund* and the *European Social Fund*.
33. CP should provide both for grants and repayable assistance, as well as for financial instruments, or a combination thereof. Non-grant forms of assistance might become more prominent, but not for all areas of intervention.
34. In order for non-grant instruments to be used on a greater scale, it is prerequisite to change the rules of how they are implemented compared to the 2014-2020 period, including making these rules as similar to market rules as possible.
35. Non-grant instruments should be used more not only because they represent a reasonable alternative for grants in some thematic areas, but also because they might later develop into long-term regional development funds.

**This *Position* may be subject to modification in the course of a broad European debate, which we believe is much needed, and to which we are looking forward.**