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| **RESOL-VI/29** |
| **127th plenary session, 31 January-1 February 2018** |



**EN**

**DRAFT RESOLUTION

on changing the ESI funds Common Provisions Regulation
to support structural reforms**

**Submitted by the EPP, PES, ALDE, EA and ECR political groups**

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| **Deadline for tabling amendments: Wednesday, 31 January 2018 no later than 4 p.m. (Brussels time)****Amendments to the resolution must be submitted, preferably in English, French or German, through the online tool for tabling amendments (available on the Members' Portal:** <https://memportal.cor.europa.eu/>**).**The Helpdesk (+32 (0)2 546 96 97, email: helpdesk@cor.europa.eu) is at your disposal to provide you with any assistance you may need. In addition, a user guide is available at <https://memportal.cor.europa.eu/>.Number of signatures required: 6 |

**Draft Resolution on changing the ESI funds Common Provisions Regulation
to support structural reforms**

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

* having regard to the European Commission proposal for a regulation amending the Common Provisions Regulation (EU) No 1303/2013 of 6 December 2017[[1]](#footnote-1);
* having regard to:

i) the *CoR opinion on the proposal by the Commission for a General Regulation on the funds covered by the Common Strategic Framework* of 4 May 2012, highlighting that local and regional authoritiesmust not be penalised as a result of certain Member States' failure to comply with their obligations in relation to economic governance, particularly as regards the national deficit;

ii) the *CoR opinion on the Structural Reform Support Programme for the period 2017 to 2020* of 8 April 2016, in which the CoR opposed subordinating cohesion policy to the European Semester exercise since cohesion policy is legitimate in its own right and enshrined in the European Treaties;

iii) the *CoR opinion on the future of cohesion policy beyond 2020 "For a strong and effective European cohesion policy beyond 2020"* of 12 May 2017, on which the #CohesionAlliance is based and which stressed that the inclusion of cohesion policy in national reform programmes must be redesigned from the European level down in a way that maintains the territorial dimension and the partnership-based, decentralised approach;

iv) the *CoR opinion on Improving the governance of the European Semester: a Code of Conduct for the involvement of local and regional authorities* of 11 May 2017, which called for structured involvement of the local and regional authorities as partners in the European Semester, in light of the current division of powers and competences across levels of government in EU Member States, in order to make the European Semester more effective and increase ownership of it on the ground;

v) the CoR *opinion on the Reflection Paper on the Deepening of the Economic and Monetary Union by 2025* of 1 December 2017, which supported a convergence strategy that would complement existing European policies to strengthen economic, social and territorial cohesion;

1. points out that promoting economic, social and territorial cohesion is an objective for all EU policies (Article 3 of the EU Treaty) and at the same time a genuine policy enshrined in the Treaty (Articles 174 – 177);
2. highlights that cohesion policy – as defined in the EU Treaty – does not include an obligation to finance general structural reforms in the Member States;
3. stresses that in order to comply with the subsidiarity principle, the notion and scope of "structural reforms" eligible for European financial support must be defined. The CoR notes the importance of doing so on the basis of a European added value analysis since Article 2a of Council Regulation (EC) No 1466/97 of July 1997, to which the current proposal refers, provides an unsuitably broad definition of the concept of "structural reforms";
4. rejects the reasoning given for compliance with the **subsidiarity principle,** since the objective of cohesion policy, as implemented by the European Structural and Investment Funds for which the Common Provisions Regulation (CPR) provides the overall legal framework, is not to support structural reforms in the Member States but to *reduce disparities between the levels of development of the various regions and the backwardness of the least favoured regions;*
5. notes with concern that the suggestion to put structural reform support under direct management and not to set any co-financing requirements for this expenditure violates the principles of co-financing and shared management upon which cohesion policy is built. These principles are crucial for encouraging ownership, enforcing good governance and maximising the leverage effect of cohesion policy;
6. underlines that the **principle of multi-level governance,** which is legally enshrined in Article 5 of the Common Provisions Regulation (CPR), requires coordinated action, *in particular between the different levels of governance, carried out in accordance with the principles of subsidiarity and proportionality, including by means of operational and institutional cooperation, with regard to the preparation and implementation of the Partnership Agreement and programmes*. Using ESIF resources to finance national reforms would therefore require coordinated action between the different levels of government which is not allowed for in the Commission proposal;
7. notes with concern that establishing a "cash for reforms" system such as the one currently proposed would be contrary to the principles of partnership and multi-level governance and would not be conducive to encouraging local and regional ownership of EU-relevant structural reforms, given that most of them require local and regional government involvement;
8. sees a contradiction between the use of ESIF resources to finance "general structural reforms" in the Member States and the obligation of **thematic concentration** as defined in Article 18 CPR;
9. underlines that the purpose of the **ESIF performance reserve** as described in Articles 20-22 CPR is to support only programmes and priorities which have achieved their milestones and to give incentives for successful management and implementation; is concerned that the proposed reduction of these incentives would discourage successful regions and managing authoritiesand therefore disagrees with the Commission's proposal to use parts of this performance reserve – even on a voluntary basis – for other purposes;
10. considers that the opt-in clauses and voluntary participation in an EU scheme cannot be used as an argument to claim that the proposal has no subsidiarity relevance as long as this scheme involves EU funding aimed at achieving objectives set in the Treaties that are relevant to all EU Member States. Indeed, any EU funding must be granted with a view to objectives set in the EU Treaties and have a legal basis directly relating to the objectives that it is intended to achieve;
11. is concerned that a change in the Common Provisions Regulation at this stage in the implementation of the current programming period, undertaken before the performance review scheduled for 2019 (Article 21) takes place, may lead to legal uncertainty and further delays in the implementation of current ESIF programmes;
12. is also concerned about the timing of the new delivery tool, as the results of the proposed "pilot phase" cannot feed into the Commission proposal on the new Multiannual Financial Framework due to be presented in May 2018;
13. therefore rejects the Commission's proposal to change the Common Provisions Regulation with a view to using the performance reserve to support structural reforms in the Member States. The CoR stands ready to make full use of its prerogative to challenge the legislative act before the Court of Justice of the European Union, pursuant to Article 8 of Protocol No 2 on the application of the principles of subsidiarity and proportionality;
14. For the post-2020 MFF and programming period, is open to discuss in detail the links between cohesion policy, EU-relevant structural reforms and the European Semester. These links would have to form part of an overarching EU strategy on economic, social and sustainable governance following on from the Europe 2020 Strategy. The CoR believes that the full involvement of local and regional authorities in all stages of such a strategy is a prerequisite, as set out in the CoR’s Code of Conduct;
15. instructs the president to forward this resolution to the European Commission, the European Parliament, the Bulgarian Presidency of the Council and the President of the European Council.

Brussels, 1 February 2018

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| The Presidentof the European Committee of the RegionsKarl-Heinz Lambertz |  |

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1. COM(2017) 826 final [↑](#footnote-ref-1)